2 Science Park, 2nd Floor
New Haven, Connecticut 06511

Statement of AT&T Corp
Regarding Raised Senate Bill H.B. No. 104
"AN ACT ESTABLISHING THE STATE CIVIC NETWORK"
Before the Committee on Government Administration and Elections
February 22, 2016

Proposal:
Raised Senate Bill No. 104 would establish a new state civic network and impose a new discriminatory tax on Connecticut television customers to pay for it.

Comments:
While AT&T appreciates and values the content provided by CT-N and is generally supportive of proposals to enhance that content, we strongly oppose the creation of a new discriminatory tax on television customers to pay for it and have significant concerns about the legality of a provision in the bill.

Over the course of the past five years, Connecticut consumers and businesses have been asked to absorb two of the largest tax increases in the state's history. We very much agree with the view of Governor Malloy, who recently stated that now is not the time for any new taxes.

It is important to note that existing Connecticut taxes on video service are already among some of the highest levied anywhere in the country. Today, Connecticut consumers pay a 6.35 percent sales tax and a gross receipts tax of at least 5 percent on their video service. In addition, many consumers also pay an additional fee for public, education and government programming which in some cases can be more than $10 a year. All told, a typical Connecticut consumer that pays $100 a month for video service will have a nearly an additional $12.50 a month in state taxes and fees levied on top of that $100.

All of these taxes and fees have a real impact on consumers' ability and willingness to continue to buy video service. For seniors on fixed incomes and working families, today's existing taxes are already a hardship and adding any more will only cause more pain and make it more difficult for them to make ends meet. Adding more taxes would also accelerate the trend of consumers cutting the cord and abandoning video service altogether in favor of over-the-top (OTT) services like Netflix, Amazon Prime, HULU or Apple TV, to name just a few of the services available.

As drafted, the proposed tax is discriminatory in nature since it would only apply to consumers that buy video service from a cable TV, IPTV, or satellite provider. It would not apply to consumers that use over-the-air antennas and/or a combination of OTT services. Such a discriminatory tax is unfair and will only serve to exacerbate a difficult business environment for video providers.

While CT-N provides a valuable service, it should be required to annually justify its budget to the General Assembly like any other proposed expenditure. These are difficult fiscal times requiring that policymakers weigh the benefits and costs of each program and to prioritize expenditures accordingly. While that may mean that a program is not funded to the degree to which a particular organization wishes, that is preferable to the imposition of a new discriminatory tax created solely to benefit one organization.

Finally, we strongly question the legality of Section 2(C) of the Raised Bill which attempts to require carriage of CT-N. Section 303 of the Telecommunications Act of 1996 mandates that the FCC shall have "***exclusive jurisdiction*** to regulate the provision of direct-to-home satellite services." 47 U.S.C. § 303(v) (emphasis added). The term "direct-to-home satellite services," in turn, is defined broadly as the "distribution or broadcasting of ***programming or services*** by satellite directly to the subscriber's premises . . ." *Id.* (emphasis added). Section 2(C) falls squarely within the preemption clause of § 303(v). The proposed legislation would require satellite TV companies to carry CT-N as part of the programming offered to Connecticut subscribers. This section of the bill is directed at an activity that falls within the exclusive jurisdiction of the FCC: the *provision of satellite TV programming.* As such, it is preempted by § 303 of the Telecommunications Act.[1]

Conclusion:

Connecticut currently imposes some of the highest taxes and fees on video service of any state in the country. As a result, it should not increase the tax burden on consumers by imposing yet another new, and discriminatory, tax on them. Moreover, states are preempted from requiring the carriage of any specific programming by federal law.

---

[1] The federal government's extensive role in overseeing the satellite industry is no secret. In 2008, the Office of Legislative Research ("OLR") advised the General Assembly that "federal law limits state jurisdiction over the video services industry and *gives the [FCC] exclusive jurisdiction over direct broadcast satellite (DBS) companies*." Cable TV Competition, 2008-R-0458 at 1 (Aug. 19, 2008).